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Before the
Federal Communications Commission
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In re

Amendment of the Commission's Rules
Regarding Installment Payment
Financing for Personal Communications
Services ("PCS") Licensees

WT Docket No. 97-82

To: The Commission

OPPOSITION TO PETITIONS FOR RECONSIDERATION

ALLTEL Communications, Inc.¹ hereby submits its opposition to certain of the petitions for reconsideration of the Commission's Order seeking to modify and further extend the various forms of relief granted by the Commission to financially distressed C block licensees.² ALLTEL submitted both Comments and a Reply in response to the Commission's Public Notice³ opening the issue of C block relief for public comment. In

¹ ALLTEL Communications, Inc. ("ALLTEL") is to be the successor in interest to the various CMRS interests held by ALLTEL Mobile Communications, Inc. and its subsidiaries and affiliates. Among these interests are D or E block PCS licenses in 73 BTAs which were obtained at the D, E & F block auction. ALLTEL Mobile Communications, Inc. also made a substantial equity investment in GO! Communications, Inc. ("GO!") a promising participant in the C block auction. GO! was ultimately forced to withdraw from the C block auction in the face of bid levels which at the time appeared to be so irrationally high that they could not be justified by any realistic business plan.

² See, Second Report and Order and Further Notice of Proposed Rule Making in WT Docket No. 97-82, Amendment of the Commission's Rules Regarding Installment Payment Financing for Personal Communications Services ("PCS") Licensees, FCC 97-342 (released October 16, 1997) (the "Order").

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those filings, ALLTEL argued that the Commission could not permit post hoc rationalizations citing the vagaries of the financial markets, the results of subsequent auctions, competitors' headstarts and vendor problems to cloud the central and incontestable fact before it: certain C block licensees drastically overbid of their own volition (and to the detriment of disappointed participants like GO!) and must now be prepared to accept the consequences if the Commission's auction process is to retain an ounce of integrity in the future. Although ALLTEL argued that no relief should be granted to C block licensees, a position which was in accord with that taken by various C block licensees and designated entities,⁴ the Commission chose to afford distressed C block licensees a series of options under which they could lessen the burden of their self-imposed financial obligations and avoid default. The majority of petitioners, not satisfied with the current state of the Commission's largesse for the C block, now seek further relief on reconsideration the most audacious proposal for which is adjusting the prepayment option for the net present value of the nominal bid amount (net of bidding credits.)⁵

ALLTEL vigorously opposes any adjustment based upon the net present value ("PNV") of the licenses as an after-the-fact discount on binding auction bids which have already been subject to a substantial discount by virtue of the bidding credit. Discounting bids further by use of PNV has a number of far reaching ramifications, not the least of

³ See, Public Notice DA 97-679 (released June 2, 1997).

⁴ See, for example the Comments of Cook Inlet Region, Inc., Western Wireless Corporation, Telecorp, Inc., Aerial Communications, Inc., Airgate Wireless, LLC. and Airadigm Communications, Inc. filed June 23, 1997.

⁵ See, for example, the Petition for Reconsideration filed by NextWave Telecom Inc. at pages 5 and 10.

which is the potentially actionable devaluation of spectrum purchased by legitimate bidders at subsequent auctions, and in particular, the D, E & F auction.⁶ Further, the Commission will be hard pressed to justify any refusal to afford the same discount to bidders in other auctions now clamoring for the same degree of relief which might be afforded C block licensees.⁷

The theory proffered to support PNV adjustments to net bid prices simply does not add up. NextWave defines PNV as “the value today of a future payment or series of payments discounted at the appropriate discount rate.” Discounting is said to be “the process of calculating the reduced value of a future sum of money in proportion to the opportunity of earning interest and the distance in time of payment or receipt.”⁸ But the nominal bid price net of credits, however, is not a lump sum payable at some future date; it is the amount which was payable after the auction and is currently due. The Commission simply offered C block licensees the option of financing the balance under the favorable payment terms set forth in the rules. Consequently, and inasmuch as the PNV of a dollar due today is one dollar, any discount based upon PNV would, in fact, constitute a substantial and impermissible discount of the net bid amount. C block licensees purchased spectrum at auction for a price and then chose to finance that purchase. By analogy to the auto market, many petitioners, having just purchased the car of their dreams, now want to

⁶ In this connection, see the Petition for Reconsideration and Clarification of Omnipoint Corporation at pages 9-10.

⁷ See for example, the Petitions for Reconsideration of Conxus Communications, Inc. and Central Oregon Cellular.

⁸ See NextWave petition at pages 8-9.

pay the finance company less than the principal amount of the car note based upon the misapplication of PNV. No repo man would accept that deal and neither should the Commission.

In the last analysis, ALLTEL concurs with the Commission that the public interest is best served by auctioning returned spectrum as quickly as possible. Further reconsideration of the Order's options only serves to delay that desired result. In ALLTEL's view, the Commission's Order afforded C block licensees ample opportunities to avoid financial ruin. It can do no more.

Respectfully submitted,

ALLTEL Communications, Inc.

By 

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Dated: December 29, 1997

CERTIFICATE OF SERVICE

I, Glenn S. Rabin, hereby certify that I have on this 29th day of December, 1997 sent via first class U.S. Mail, postage prepaid, a copy of the foregoing "Opposition to Petitions for Reconsideration" to the following:

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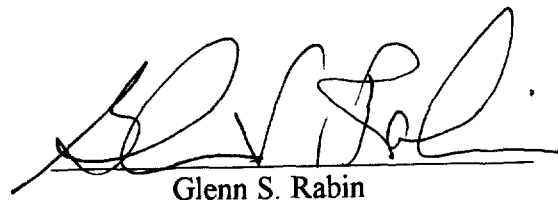
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